

GCB SHAREHOLDERS APPROVE ₵450BN –RIGHTS ISSUE

Shareholders of Ghana Commercial Bank Ltd. (GCB) have approved by unanimous decision, a proposal by the Board of Directors to undertake a rights issue of 100 million shares to raise ₵450 billion to recapitalize the Bank

At an Extraordinary General Meeting held at the Great Hall, University of Ghana, Legon on Thursday October 26, 2006 the Chairman of the Board of Directors Mr. K. G. Osei Bonsu said the proposal to raise additional funds was meant to finance the Bank's systems and processes, build up its working capital, develop new products and services, recruit, employee development and to undertake branch branding in order to expand the Bank's capacity to deliver quality services, and create more value for shareholders.

The meeting was very well attended. A few concerns however were raised among which were that, shareholders needed an indepth explanation of rights issues. Mr. Martin Mensah, Deputy Managing Director, Finance explained it as shares being offered in a manner such that each shareholder should be able to own twice as much as they already own meaning that a holder with 100 shares would have an additional 100 shares. Where the shareholder cannot purchase them, the Board of Directors reserves the right to sell them to the public.

Some shareholders also requested for the price of shares as they needed to know to help them in their decision making. Once again Mr. Martin Mensah explained that it would not be possible.

Mr. L. N. Adu – Mante however assured shareholders that full details of the rights issue would be communicated to shareholders in due course.

Contrary to what was expected, the meeting was very brief and successful. Mr. Dan Ofori, who owns seven million GCB shares had earlier (days before the meeting) objected to the rights issue and had urged shareholders not to approve the board's resolution.

In his submission to fellow colleague shareholders, Mr. Dan Ofori stated that there are other approaches to financing of the stated projects such as debt financing, through the issue of bonds/preference shares or hybrid of bond/equity.

Mr. Lawrence Adu Mante however said, the opinion expressed by Mr. Ofori was different from that of the Bank and was happy that shareholders approved the proposal.